

Secretary-General Guterres's Reform Agenda: aligning the United Nations Development System with Agenda 2030.

Issue

Member States admit the urgent need to overcome the acute institutional fragmentation of the UN system in order to effectively deliver UN operational activities¹ and avoid inefficiencies, such as the duplication of projects and the competition for funds among UN agencies.

In order to optimize reform impulses – which often emerge in the initial stages of an incoming Secretary-General's mandate – Guterres' proposals to reposition the United Nations Development System need to build on previous consensus and reforms lessons by following-up and reinvigorating successful initiatives, while also addressing unintended consequences of the changes introduced by his proposals.

A system-wide harmonization of UNDS is in line with the integrated and horizontal nature of the Agenda 2030, giving momentum for a much needed investment in reforms. The Agenda 2030 call for partnerships for development must also resonates within UN and be translated into greater and better interactions among its own agencies .

A more cohesive and effective UNDS that is able to deliver its mandate will reinforce the UN's relevance in a

context where the organization's values are threatened by the crisis of the liberal multilateral order.

Background

In December 2017, incoming Secretary-General launched proposal for reforming UN development branch, encompassing 40 entities and 62% of UN system budget.

Previous reform proposals sought to create a more effective and efficient UNDS with common planning and leadership to the whole UN system, ranging from the classic Jackson's Capacity Study (1969), passing through Annan's Reform agenda (1997, 2006). These proposals were not fully implemented due to Member States' inconsistency and UN bureaucracies' resistance.

Sustainable Development Goals (SDGs) shifted normative paradigm of UN development branch, from thematic silos of the Millennium Development Goals (MDGs) to the horizontal and complementary nature of Agenda 2030. The Multi-dimensionality of the SDGs requires an intertwined approach by the UN.

To reposition the UN development system for a sustainable system-wide alignment, the SG needs continuous support of Member States and full engagement of UN entities and staff, which ultimately implement changes.

How UNDS Fragmentation Gains Traction

UNDS fragmentation

The United Nations system is a complex network of formally or *de facto* autonomous bodies, ranging from tiny offices to huge programs, funds and specialized agencies with multi-

¹ Operational activities comprise the implementation of aid projects and programmes, including technical assistance and advice on policies, and financing development and emergency relief projects.

billion dollar budgets. The fragmented framework of the UN system dates to its origins and was accentuated in different historical contexts.

In 1990s, the UN regular budget was overtaken by Member States' emphasis on earmarked contributions, adding a decentralized funding pattern as a force in favor of institutional fragmentation. This overturned the division of labor in which UNDP was the centralized financing agent, while specialized agencies and other entities were the implementers of activities.

On top of that, the vertical nature of MDGs – introduced in the early 2000s – is also seen by specialists as furthering the disintegration of UN activities given the creation of thematic silos aligned with each goals without especial attention to linkages between them. More recently the more integrated SDGs succeeded the MDGs' silo approach.

Thus, while the normative dimension behind UNDS is based today on goals that have a less fragmented perspective, the UN operational activities financing pattern continues to be decentralized and increasingly relies on non-core earmarked contributions.

Both structural and conjunctural issues have led to a lack of system-wide alignment among UNDS, the latter adding to the path dependence of a system created mostly by autonomous parts.

Negotiations of UNDS reforms: historical deadlock

Negotiations over UN development system reform often antagonize developing countries from the Global South and developed countries from the North.

Organized under the coalition of the Group of 77 and China (G-77), the

Global South has a recalcitrant position over UNDS reforms. This is based on their suspicions about the developed countries' intentions, such as the use of reform as means to cut aid provided by UN, or by the quite reasonable perception that the multiplicity of UN agencies provides them with a broader diversity of potential development cooperation partners. However, medium-size and smaller countries from the G-77 often emphasize their limited capacity and the draining procedures needed to deal with multiple UN agencies they host.

On the other hand, countries from the North associate a system-wide alignment with better efficiency and accountability by the UN. In accordance with Aid Effectiveness agenda, donors insist that their contributions should be expended on a value for money basis. Donors justify their preference for earmarked contributions by the possibility they offer to better manage and follow-up the quality of their resources disbursements. Accordingly, reforming the UNDS implies improving performance by overcoming inefficiencies.

Therefore, donors and recipients countries alike see the advantages of less fragmented UN activities, but they find it harder to agree on how to achieve a more cohesive UN.

Bringing the UN family to the negotiation table on reform: different approaches to the division of labor

Besides the political stalemate among Member states, there are also different perceptions among UN entities over how the UNDS' lack of cohesiveness should be addressed. Since UN entities are the implementers of UN operational activities, listening to

their voices is desired and their belief and support for reforms are crucial for these initiatives success.

The division of labor among UN entities is a challenge, since their institutional autonomy and the multidisciplinary nature of the development agenda encourage their engagement in diverse activities often without systematic consultations among them that might allow a more effective and impactful performance.

In addition, earmarked funding allows donors to choose their preferred agency partner, enlarging the leeway that agencies have to act in relation to their mandates. This has led to the duplication of efforts with the coexistence of programs with the same objectives implemented by different UN agencies financed by different donors in the same context.

The “Program Busy Generation” and “My Future is my Choice” – backed, respectively, by UNFPA and UNICEF – were both programs targeted at youth populations’ sexual and reproductive health in Mozambique. The former was financed by the Danish International Development Agency (DANIDA), the Norwegian Agency for Development Cooperation (NORAD) and the Swedish International Development Agency (SIDA), while the latter was funded by the Department of International Development (DFID) of the United Kingdom².

The offices of each of the aforementioned programs located on different sides of the same street symbolized the inefficiency of not establishing links and exploring complementarities among UN system activities at the country level³.

UN agencies recognize the overlap of their mandates – which is not inherently harmful – and agree that a better division of labor could avoid duplication and allow for more strategic and impactful activities. However, there is no consensus on the basis upon which a division of labor among UN entities should be made, since the broad concept of comparative advantage is open to interpretations.

On the one hand, the specialized agencies and smaller funds and programs often have a more thematic- and mandate-based approach for the division of labor, while the programs and funds with extensive field presence often advocate for an operational versus normative division - operational capacity being the criteria for taking on activities⁴.

There is no obvious or fixed formula to answer the question of which agency is better suited to certain tasks in all situations and contexts, but system-wide planning and leadership have the potential to establish clearer directions.

Therefore, reforms aiming at the consolidation of UNDS would be built on both the operational capacity of funds and programs and on the technical expertise of specialized agencies and thematic entities, identified by a leadership and integrated by jointly planned activities.

The Delivering as One (DaO) bottom-up reform approach tries to answer this by a vertical decentralization along with a horizontal streamlining at the country level, in which local specificities would lead to tailored UN presence in accordance with the principles of national ownership and no-size-fits-all.

² Chandra-Mouli *et al* 2015.

³ Interviews with UN country team members.

⁴ Campos, Luciana (2018, forthcoming)

However, the leadership of Resident Coordinators institutionally attached to UNDP has led to grievances – at times grounded, such as the case of a RC serving in Nigeria who raised funds to be used individually by his home agency – that have limited DaO advance and inspired the latest round of reforms focus on a new RC system and its firewall.

Emerging Trends: Guterres's Proposal to Reposition UNDS

Guterres's proposals encompass both an intergovernmental and a bureaucratic exercise to incite system-wide reflections and planning in order to better position the UN to aid Member States in the Agenda 2030 era through a more effective, accountable and efficient delivery of UN's operational activities.

First, to guarantee the engagement of Member States and the UN bureaucracy alike, he introduces two proposals – a system-wide strategic document, and reinvigorating ECOSOC'S Operational Activities Segment. These two initiatives at the systemic level have the function to set a strategic alignment of UN entities, while also convincing stakeholders of the potential gains of working in this manner.

A new Generation of UN country teams

Guterres also proposes a new generation of UN country teams, building on previous initiatives as well as introducing bold – and polemic – new ones.

Following-up previous reform cycles, the proposal to invigorate the UNDAF turns it into an action plan, departing from a focus on *what* UN

country teams should accomplish, to the more ambitious issue of *how* this could be implemented. This can give participating UN entities greater clarity about what each is doing, and what they could be doing together, opening collaboration opportunities while also permitting a better-informed division of labor. The dual reporting proposed – with the UN country team reporting to the Resident Coordinator on collective results, in addition to reporting on individual mandates to their headquarters – should be implemented in a manner that does not duplicate UNDAFs reporting, which is already a practice in countries that have adopted Delivering as One. Therefore, it would avoid creating a third layer of reporting overburdening UN country teams.

Guterres also proposes a criterion for a UN entity to take part in a country team. He proposes a relative threshold for the composition the UN country team – the ratio of programmatic spending compared with operational costs – and calls for the identification of entities whose expenditures do not exceed 10% of a UN country team's total expenditure (paragraph. 39, c, page 13).

These criteria need further refinement, since they might lead to unintended consequences that would work against Guterres' other proposals, such as an independent and empowered Resident Coordinator. Furthermore, this quantitative criteria appear to be in contradiction with the principles of “no size fits all” and national ownership, being potentially harmful both to Member States and UN agencies by cementing relations that vary across geographical and historical contexts.

Given the different perceptions among UN agencies regarding how the

division of labor should be made, this might even lead to further disagreements and competition for funds in order to keep individual agencies' expenditures at a level that attain the criteria. In addition, UN agencies play different roles at the country level, some demanding less intensive programmatic spending, such as advocacy and policy advice, which are as important as other UN activities on the ground⁵.

Reinvigoration of the Resident Coordinator system

The proposed reinvigoration of the Resident Coordinator system is intended to establish an impartial, independent and empowered RC, but *how* to achieve this is a complex endeavor that needs to take into consideration whether changes would destabilize a working and functional system in the process.

The proposal focuses on the detachment of the RC function from that of UNDP Representative, but it goes beyond that by separating the whole RC system from UNDP, suggesting that it should be financed by assessed contributions, with better equipped offices and under the oversight of a revitalized UN Development Operations Coordination Office renamed as the UN Sustainable Development Group.

Given that the current system is financed mostly by UNDP resources, and UNDP also performs the operational tasks structuring the RC system, the novelties introduced by Guterres' proposal may lead to

profound changes that in turn might have unexpected consequences, such as the alienation of UNDP, and the defunding of the system, leading to its dysfunction. Convincing Member States of the need for this separation, and getting their endorsement to finance a system that they are not (yet) convinced would be better than the current one by assessed contribution, is a difficult task and led Guterres' reform negotiations into a stalemate.

Albeit the UNDG has brought together some empirical evidence to back reform proposals by collecting the feedback of RCs and national governments over UN country teams, a broader consultation with UN country-level staff has not occurred. On the other hand, the at-times tense relations between UNDP and other UN agencies are well-known and may have led to a proposed solution that reflects these bureaucratic grievances – and their potentially legitimate causes – instead of serious assessments of its advantages and disadvantages. A clearer role for UNDP in the proposed structured could be, thus, better defined.

The proposed funding compact is a step ahead from previous reforms by presenting concrete proposals to tackle relations between UN activities' coherence and efficiency with its funding patterns. The definition of a timeframe and of a threshold for a better balance between core and non-core contributions can set a more predictable and flexible funding scenario, while answering in part Member States' demands for such definitions in previous debates regarding the concept of "critical mass".

The recognition of UN's interagency pooled funds as an

⁵ Initial researches points out to the fact that only UNDP and UNICEF correspond more systematically to around 10% of programmatic expenditures of UNCT on the ground, while WFP and UNHCR may pass threshold in countries with large humanitarian issues.

effective means to promote collaboration among UN entities, and the call for boosting them, are promising. This guarantees that not only institutional mechanisms, but also selective incentives encourage collaboration among UN agencies, advancing an institutional culture of working collectively on the ground.

The combination of selective incentives along with institutional innovations strengthens the probability that reforms would not only be created and implemented, but also that stakeholders will comply with them, and previous practices will change.

Challenges and opportunities

Follow-up and sustainability of reform

There is a need for a clear understanding of the dynamics that lie behind UN activities, including the fragile consensus that has been built up after previous iterations of reform negotiations. This consensus revolves around a vertical decentralization of UN activities adapted to countries' demands and priorities, while attempting to recognize contextual specificities, in accordance with the *national ownership* and *no size fits all* principles.

Therefore, proposals that withdraw decision-making leverage from the country level to headquarters need to be firmly rooted or else they risk being completely rejected. The proposals of a new generation of UN country teams and a reinvigorated Resident Coordinator system follow the lines, in general, of the aforementioned principles and previous reform rounds.

However, the lack of follow-up led previous institutional innovations, such as the UNDAF, to become more of a bureaucratic obligation than a live

document that gave UN country teams direction - with some exceptions, such as those UNDAFs of most countries that participated in the Delivering as One initiative pilot phase and in countries with complex humanitarian interventions by UN.

The present reform is an opportunity to make sure that UNDAF becomes the single most important instrument for planning and implementing UN activities in each country. An empowered Resident Coordinator with adequate office support, and the commitment of UN agencies which should have incentives such as pooled fund and joint programs to actively engage with reforms, are fundamental to put in practice the new UNDAF's role.

Funding of the Resident Coordinator System

Guterres' bold proposal to separate the RC system from UNDP might be limited by states' willingness to support not only this idea but also the funding base on which it would rely on. As mentioned above, Guterres requested the investment of \$225 million of assessed funding to structure the new resident coordinator system.

In the context of several states' recalcitrant positions over raising contributions – with, for example, cuts and threats by the US and also resistance by Russia and Japan (the latter is still not convinced that proposals will lead to efficiency gains while the former have suspicions over reforms) – restructuring based on assessed commitments are stillborn. A more feasible proposition may have to be put forward, since the UN often changes only by gradual processes that overcome multiple stalemates among

member states and bureaucratic stakeholders.

In this regard, the latest rounds of negotiations try to overcome the stalemate regarding the new RC system funding. While large contributors of assessed resources, such as the United States and Japan, resisted the proposition, on the other hand Europe and the G-77 welcomed the proposal, in contrast with previous reforms negotiations when they took opposing positions in accordance with the North-South divide logic aforementioned.

In the face of resistance, other proposals also were put forward, such as a tripartite funding base sustained by a combination of a voluntary multiyear contribution, a one per cent levy over the use of strictly earmarked resources, and raising the cost-sharing agreement among UN agencies.

The levy offers a fair way to distribute the cost of coordination, since often it is the use of earmarked resources that raise this issue. Donors that often opt to use earmarked contributions, such as European countries, have shown their commitment to accept this financing formula, while countries that self-finance UN activities within their own borders are less willing to adhere to a levy. The voluntary multiyear resources could offer a predictable source without overburdening countries that seldom work through the UN to disburse their international cooperation, preferring bilateral flows, but that would have to raise contributions due to their obligations to the assessed budget. The doubling of the current cost-sharing agreement that divides among UN agencies part of costs of the RC system further their commitment for sustaining a system-wide leadership.

Even with the funding base of a new RC system formally guaranteed, however, it is not clear if this model would be sustainable or even preferable to the previous one in its whole.

In this regard, Guterres proactively clarified in his proposal, which reform topics fall under his remit and which are within Member States' mandates. This not only makes it easier to follow-up the logic of change, but also makes the both the SG and UN Member States more accountable for supporting and implementing the deeply needed reforms.

How should the UN respond?

- Refine criteria for UN country team composition, with both quantitative and qualitative indicators, reflecting each UN agency's mandate and its relation with different patterns of programming expenditures versus operational cost, since some mandates are less money intensive, such as technical assistance and capacity building by specialized agencies, which are still deeply needed and requested by governments and line ministries.

- Take into consideration if the value added by these criteria would surpass the bureaucratic burden and unintended consequences, such as furthering competition for funds to reach the threshold set and withdrawing decision-making power from the RC over the division of labor among UN entities on the ground and bypassing national ownership.

- Assess the costs and benefits of detaching the RC system from UNDP. While the firewall between UNDP representative and RC office seems to be a good proposal, it is not clear if a

system delinked from UNDP and its operational capacity as well as material resources would be superior, sustainable, or even in the best interest of other agencies, which openly say their staff may not be willing or prepare to exert such functions.

- Without an intergovernmental consensus over the resources requested by the Secretary-General to implement an independent RC system, there is the possibility to divide the new RC system functions, with UNDP in charge of RC offices and the UN Sustainable Development Group having oversight of the RC itself.

- The implementation phase of reforms is as crucial as their negotiations, and the full commitment of UN agencies and staff is needed as well as the funding compact contribution which would provide the critical continuous investment in reforms towards a more effective, coherent and efficient UN.

- The quest for partnerships of SDG 17 should be embedded in UN inter-agency dynamics, since partnerships within UN may improve its performance and effectiveness as a development cooperation partner in the SDG era.

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